

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 PM-05 MCE-00

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 7926

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE JAKARTA 4405

E.O. 11652: N/A

TAGS: EAIR, BEXP, ID

SUBJECT: POTENTIAL SALE OF LOCKHEED L-400 TO GOI

REF: JAKARTA 4270 AND PREVIOUS

1. VISITING LOCKHEED REGIONAL MANAGER FOR INTERNATIONAL SALES R.E. HARRISION INFORMED EMBOFF APRIL 5 THAT HE HAD INSTRUCTED HIS LOCAL AGENT IN LATE DECEMBER TO SUBMIT A FORMAL PROPOSAL RE SALE OF L-400 TO AIR COMMUNICATIONS' KARNO BARKAH. IN VIEW OF BARKAH'S RECENT COMMENT TO EMBOFF (REF) THAT HE HAD NEVER RECEIVED SUCH A PROPOSAL EMBOFF URGED HARRISION TO CONTACT BARKAH AND ATTEMPT TO ESTABLISH THAT AGENT HAD FORWARDED THE PROPOSAL UNDER COVER OF A JANUARY 6 LETTER. HOWEVER, THE AGENT ALSO SUBMITTED SPECS AT THAT TIME AND APPARENTLY THINKING THE PACKAGE CONTAINED NOTHING ELSE, BARKAH MERELY GLANCED AT IT WITHOUT REALIZING THAT IT CONTAINED A LOCKHEED PROPOSAL. IF HARRISON'S CURRENT VISIT HAS SERVED NO OTHER PURPOSE AT LEAST BARKAH IS NOW AWARE THAT HE IS IN POSSESSION OF A LOCKHEED PROPOSAL.

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2. HARRISION RAISED ANOTHER POTENTIAL PROBLEM WHEN HE MENTIONED THAT THE PROPOSAL MADE NO MENTION OF FINANCING. EMBOFF SUGGESTED LACK OF FINANCING PROPOSAL WOULD PROBABLY MEAN TOTAL PROPOSAL WOULD NOT BE OF MUCH VALUE TO GOI TO WHICH FINANCIAL CONSIDERATIONS ARE NORMALLY OF OVER-RIDING IMPORTANCE. HARRISION IMMEDIATELY TELEXED LOCKHEED HEAD OFFICE TO REQUEST THAT IT DEVELOP AT ONCE A

BARTER PROPOSAL AS WELL AS ONE INVOLVING CONVENTIONAL FINANCE. RE FORMER, HARRISON SAID LOCKHEED HAS BUYERS FOR INDONESIAN CRUDE OIL, TIN, RUBBER AND LUMBER SHOULD BARTER ARRANGEMENT EVENTUATE. EMBOFF URGED THAT LOCKHEED CONTACT EXIM TO DISCUSS ITS POTENTIAL FOR ASSISTANCE IN CONVENTIONAL FINANCING.

3. COMMENT: IT NOW APPEARS INFORMATION ON WHICH WE BASED OUR COMMENT ABOUT LOCKHEED'S UNAGGRESSIVE SALES EFFORTS WAS FAULTY. BARKAH IS A TRUSTED AND NORMALLY HIGHLY RELIABLE EMBASSY CONTACT, BUT IN THIS INSTANCE IT SEEMS SIMPLY THAT HE DROPPED THE BALL. HARRISON CLEARLY HAS MADE AND CONTINUES TO MAKE STRENUOUS EFFORTS TO SWING THE GOI TOWARDS THE L-400. IT IS PROBABLY BEYOND HIS CONTROL IF RECIPIENTS FAIL TO READ CAREFULLY THEIR CORRESPONDENCE. WE HATE TO RESORT TO CLICHES, BUT WOULD COMMENT THAT WE HAVE SEEN FEW BETTER EXAMPLES IN RECENT MONTHS OF THE DIFFICULTIES OF DOING BUSINESS IN INDONESIA.

MASTERS

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